



**Regulatory Circular RG07-71**

**To:        Membership**

**From:     Office of the Chairman**

**Date:      July 2, 2007**

**Re:        Temporary Membership Status for Exerciser Members  
             if CME/CBOT Transaction Is Consummated**

CBOT's members and the shareholders of CBOT Holdings and CME Holdings are scheduled to vote on July 9, 2007 on the proposed acquisition of CBOT by CME Holdings. Although the outcome is uncertain, CBOE must be prepared to address any possibility.

Accordingly, CBOE's Board of Directors has adopted a rule change to address the status of exerciser members in the event that the proposed acquisition of CBOT by CME Holdings is approved and consummated before the SEC takes final action on CBOE rule filing SR-CBOE-2006-106. SR-CBOE-2006-106 sets forth CBOE's interpretation that there will no longer be CBOT members who may qualify to become and remain exerciser members of CBOE upon the consummation of the CME/CBOT transaction. If the CME/CBOT transaction is approved and consummated before the SEC takes final action on SR-CBOE-2006-106, the rule change adopted by the Board allows former exerciser members who satisfy certain conditions to temporarily retain their CBOE membership status until the SEC takes such final action.

The rule change was filed with the SEC today and is effective immediately. The rule change is set forth in CBOE rule filing SR-CBOE-2007-77, which is posted on CBOE's website. The rule change is codified in Interpretation and Policy .01 to CBOE Rule 3.19 and provides for the following:

- If the CME/CBOT transaction is consummated before the SEC takes final action on SR-CBOE-2006-106, each person who was an exerciser member on July 1, 2007 and who satisfies the following conditions will be granted temporary CBOE membership status until the SEC takes final action on that rule filing:
  - (1) the person remains an exerciser member in good standing as of the close of business on the trading day immediately before the consummation of the CME/CBOT transaction;
  - (2) the person remains in good standing and continues to pay all applicable fees, dues, assessments, and other charges that are assessed to CBOE members; and
  - (3) the person pays a monthly access fee to CBOE

- Only persons who meet the above criteria will be granted temporary CBOE membership status under Rule 3.19.01, and no additional persons will be granted that status.
- A person who is granted temporary CBOE membership status under Rule 3.19.01 is not required to hold the interest that CBOT denominates as a CBOT B-1 membership, an Exercise Right Privilege, or CBOT Holdings stock in order to maintain that temporary CBOE membership status.
- The monthly access fee to those granted temporary CBOE membership status under Rule 3.19.01 will be based on CBOT lease rates. The access fee will be due and payable in advance of each calendar month and will be announced in advance of each month. CBOE will begin assessing the access fee for the month following the month in which the CME/CBOT transaction is consummated. The precise amount of the access fee will be the subject of a subsequent rule filing.
- The monthly access fees will be held in an interest-bearing escrow account maintained by CBOE. CBOE will retain the access fees upon SEC approval of SR-CBOE-2006-106 and will return the access fees to the payors if the SEC disapproves SR-CBOE-2006-106.
- A person granted temporary CBOE membership status under Rule 3.19.01 will remain subject to CBOE regulatory jurisdiction, including CBOE disciplinary jurisdiction.
- This temporary membership status will terminate when the SEC takes final action on SR-CBOE-2006-106, and the rights of persons who claim to be exerciser members thereafter will be determined in accordance with the SEC's decision on that rule filing.

The Board of Directors also has approved a separate plan to provide access to persons who receive temporary CBOE membership status under Rule 3.19.01 that would take effect upon SEC approval of SR-CBOE-2006-106. This separate access plan will be subject to a CBOE membership vote and SEC approval, and the details regarding that plan will be provided to the membership prior to that vote.

Any questions regarding the temporary CBOE membership access under Rule 3.19.01 may be directed to the CBOE Membership Department at (312) 786-7299.